

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 5/8/2012	(3) CONTACT/PHONE Gere Sibbach or Jim Erb 781-5040	
(4) SUBJECT Submittal of a resolution 1) authorizing the issuance of Lease Revenue Refunding Bonds in order to refund 2002 certificate of participations (COPS) to obtain a lower interest rate; 2) approving the form, terms, and provisions of documentations (Clerk's File) associated with the refunding ; 3) conforming the selection and appointment of bond counsel, financial advisor and underwriter; 5) and authorizing the Chairman of the Board of Supervisors, Auditor-Controller and other County officers and representatives to finalize and execute all documents; All Districts.			
(5) RECOMMENDED ACTION We recommend that your Honorable Board adopt the attached resolution so that the 2002 COP series can be refunded by issuance of Lease Revenue Bonds. The resolution: 1) Requests and authorizes the SLO County Financing Authority to issue Lease Revenue Refunding Bonds, and 2) Approves the form, terms, and provisions of documents (Clerk's File) including the Site Lease, Lease Agreement, Escrow Deposit and Trust Agreement, Bond Purchase Agreement, Preliminary Official Statement, and Continuing Disclosure Agreement, 3) Confirms selection and appointment of Fulbright and Jaworski as Bond Counsel, Public Financial Management as Financial Advisor, and Morgan Keegan & Company as Underwriter, and 4) Authorizes the Chairman of the Board, Auditor-Controller, and other County Officers and Representatives to finalize and execute all documents, and the Clerk of the Board to attest to all signatures as may be required.			
(6) FUNDING SOURCE(S) n/a	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT Net debt service savings of at least \$130,000 per year	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(18) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(19) SUPERVISOR DISTRICT(S) - All			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Auditor - Controller / Gere Sibbach or Jim Erb 781-5040

DATE: 5/8/2012

SUBJECT: Submittal of a resolution 1) authorizing the issuance of Lease Revenue Refunding Bonds in order to refund 2002 certificate of participations (COPS) to obtain a lower interest rate; 2) approving the form, terms, and provisions of documentations (Clerk's File) associated with the refunding ; 3) conforming the selection and appointment of bond counsel, financial advisor and underwriter; 5) and authorizing the Chairman of the Board of Supervisors, Auditor-Controller and other County officers and representatives to finalize and execute all documents; All Districts.

RECOMMENDATION

We recommend that your Honorable Board adopt the attached resolution so that the 2002 COP series can be refunded by issuance of Lease Revenue Bonds. The resolution:

- 1) Requests and authorizes the SLO County Financing Authority to issue Lease Revenue Refunding Bonds, and
- 2) Approves the form, terms, and provisions of documents (Clerk's File) including the Site Lease, Lease Agreement, Escrow Deposit and Trust Agreement, Bond Purchase Agreement, Preliminary Official Statement, and Continuing Disclosure Agreement,
- 3) Confirms selection and appointment of Fulbright and Jaworski as Bond Counsel, Public Financial Management as Financial Advisor, and Morgan Keegan & Company as Underwriter, and
- 4) Authorizes the Chairman of the Board, Auditor-Controller, and other County Officers and Representatives to finalize and execute all documents, and the Clerk of the Board to attest to all signatures as may be required.

DISCUSSION

The County issued approximately \$30 million in certificates of participation (COPs) in 2002 to fund a portion of the construction costs of the New Government Center and to refund some COPs that had funded construction of the Dairy Creek Golf Course. The remaining outstanding 2002 COPs can be called in 2012 and replaced by Lease Revenue Bonds (LRBs) at much lower interest rates. This action authorizes that action.

LRBs will be used instead of COPs because the current bond market prefers LRBs and will purchase them at a slightly lower interest rate. The borrowing will not exceed \$25 million, underwriter's discount will not exceed .7%, and the interest rate must be low enough to provide present value debt service savings of at least 3%, as required by the County's Debt Management Policy.

OTHER AGENCY INVOLVEMENT/IMPACT

The County's Debt Advisory Committee met February 23, 2012 and voted to recommend the refunding and the selection of firms for the financing team. The SLO County Financing Authority Board met April 18, 2012 and agreed to issue the refunding bonds if requested by the Board of Supervisors. County Counsel has reviewed the various documents.

FINANCIAL CONSIDERATIONS

Savings over the remaining 15 year life of the COPs is expected to exceed \$2 million, net of all costs of issuance. Most of the net savings will accrue to the General Fund, but the Golf Course Enterprise Fund will also benefit from lower annual debt service.

RESULTS

Approval of this refunding will result in maintenance of existing service levels at lower annual cost, thus preventing cuts in

other services that might otherwise be required in the current stressed budget environment.

ATTACHMENTS

1. BOS resolution that authorizes the refunding bonds
2. Site Lease - in clerk's file
3. Lease Agreement - in clerk's file
4. Escrow and Trust Agreement - in clerk's file
5. Bond Purchase Agreement - in clerk's file
6. Preliminary Official Statement - in clerk's file
7. Continuing Disclosure Certificate - in clerk's file
8. Finance Authority Resolution 2012-01 authorizing bond issuance